



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 7, 1994

O.K.d.

TO: Board of Oil, Gas and Mining

THRU: James W. Carter, Director *JWC*

THRU: Lowell P. Braxton, Associate Director - Mining *L.P.B.*

FROM: D. Wayne Hedberg, Permit Supervisor - Minerals Program *DWH*

RE: Request for Board Approval, Amount and Form of Replacement Reclamation Surety, Hecla Mining Company, Escalante Silver Mine, M/021/004, Iron County, Utah

In April of this year, the Division initially assembled a Board briefing package for Hecla Mining Company's (HMC) Escalante Mine which was intended to be presented to the Board during its April 27th executive session. As you may recall, this package was withdrawn from the briefing agenda due to unforeseen circumstances that were brought to the Division's attention regarding a previous permitting/bonding-related oversight. Supplemental information has been provided by HMC which has allowed the Division to complete its reclamation plan assessment for the remaining mine facilities and calculate an appropriately revised surety.

The mining reserves were exhausted by 1988 and HMC began initial reclamation of the underground mine and some of the ancillary surface facilities in the spring of 1989. The Division asked HMC to provide more detailed plans for reclamation of the tailings impoundment. HMC provided a revised reclamation plan for the impoundment which went through a series of revisions and was finally approved by the Division on March 14, 1994. Approval of the revised tailings impoundment reclamation plan effectively increased the original reclamation surety (\$181,500) to \$771,000 in 1999 dollars. Hecla provided the Division with a revised surety (\$771,000) and a new Reclamation Contract form in March of this year. The Division suspended bringing this surety before the Board in April when it discovered an unfulfilled permitting commitment from HMC to provide more detailed reclamation plans for the millsite. Hecla has since provided the required information.

Reclamation of the tailings impoundment began in late March 1994 according to the approved reclamation plan. On May 6, 1994, the Board and Division visited the Escalante Mine to observe the ongoing tailings impoundment reclamation. On July 20, 1994, Division and BLM staff jointly inspected the site to evaluate the status and adequacy of the completed reclamation work. The reclamation was determined satisfactory. Reclamation of the @60 acre tailings impoundment is now essentially complete. Temporary fencing of the reclaimed areas is currently being performed and seeding will be conducted this fall.

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Request for Board Approval
M/021/004
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The Division has revised the reclamation surety estimate to acknowledge the performance of impoundment reclamation work and to include updated information regarding estimated costs for demolition and reclamation of the remaining mill site facilities. The new surety estimate totals \$389,300 in 1999 dollars. Because this change in surety amount was considered a minor change to the bonding forms filed previously in March/94, we have not requested that new forms be completed by HMC or their surety. Hecla's surety company has provided us with a "rider" to the original \$771,000 surety bond, effectively reducing it to \$389,300. A copy of the surety bond "rider" is attached for your review. The Division is now requesting formal Board approval of the amount and form of replacement reclamation surety provided by HMC for completing the remaining reclamation of the Escalante Silver Mine.

Attached for your review are copies of the following documents:

1. Summary checklist
2. Location map
3. Revised reclamation surety estimate
4. Reclamation Contract (FORM MR-RC)-*[with revised \$ amount, page 2 of 9]*
5. Surety bond with "Rider" (Attachment B, MR FORM 6)

Thank you for your time and consideration of this request.

jb
Attachments
M021004.brd

DOGM MINERALS PROGRAM

Checklist for Board Approval of FORM AND AMOUNT OF SURETY

Prepared September 7, 1994

Company Name Hecla Mining Company
 Mine Name Escalante Silver Mine
 File No. M/021/004

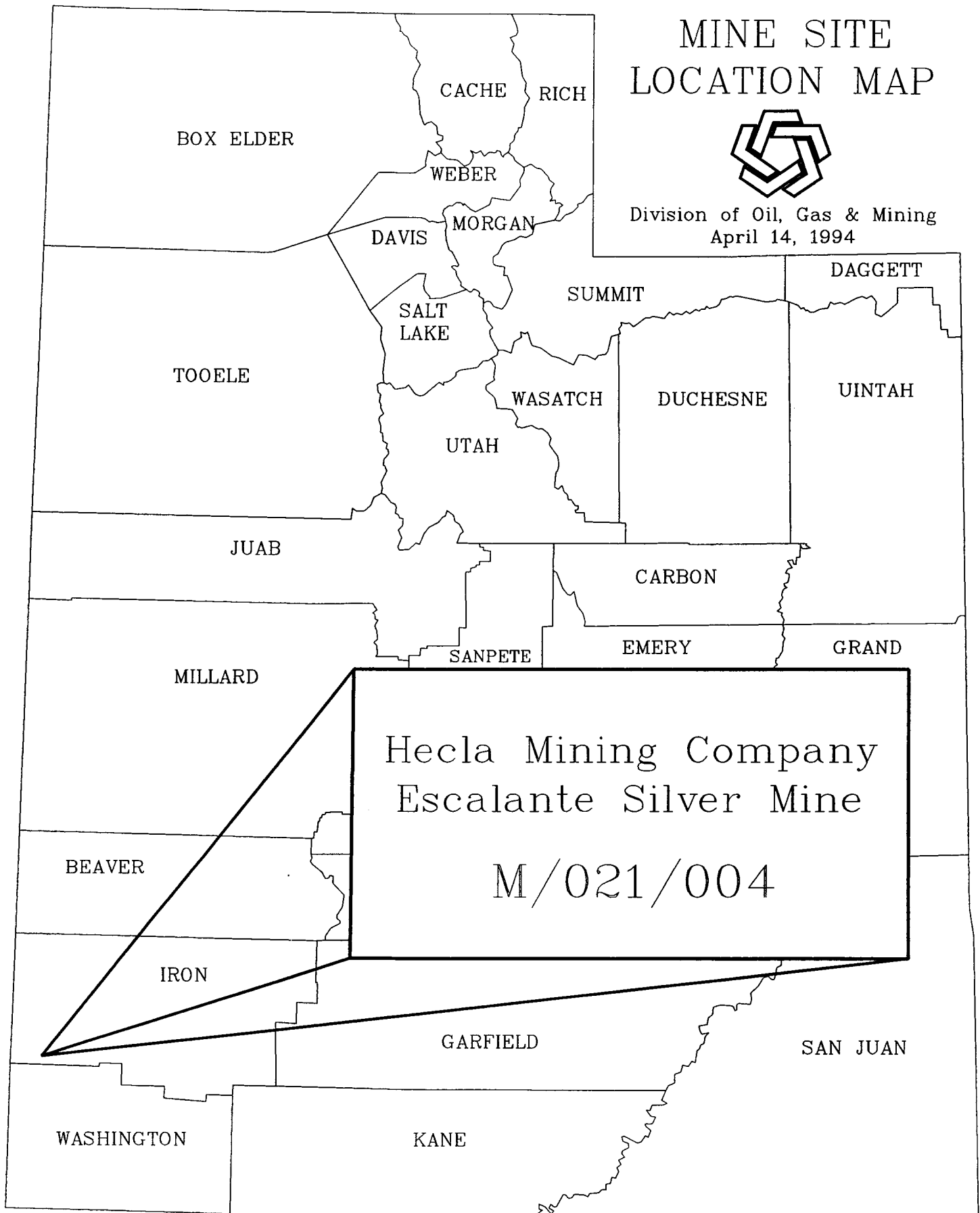
Items	Provided		Remarks
	Yes	No	
Revised Executive Summary		X	Mine closed, under reclamation. Executive Summary no longer applicable. Cover memo outlines basis for change in amount and form of surety and changes/additions to original approved reclamation plan.
Location Map	X		
Reclamation Bond Estimate	X		Revised to include supplemental reclamation costs for millsite and to recognize performance of tailings impoundment reclamation. Surety bond amount is \$389,300 in 1999 dollars .
Signed Reclamation Contract	X		Page 2 of 9 revised to reflect change in surety amount from \$771,000 to \$389,300.
Signed Power of Attorney/ Affidavit of Qualification	X		
Bond/Reclamation Surety	X		Corporate Surety Bond - Aetna Casualty & Surety Company. Acceptable surety under the 1993, U.S. Department of the Treasury - Directory of Companies Holding Certificates of Authority on Federal Bonds and as Acceptable Reinsuring companies. Surety "rider" provided reducing reclamation liability to \$389,300.
Surety Sign Off (Other State/Federal Agencies)	X		Bond jointly held by DOGM and BLM.
RDCC contacted		X	Not Applicable

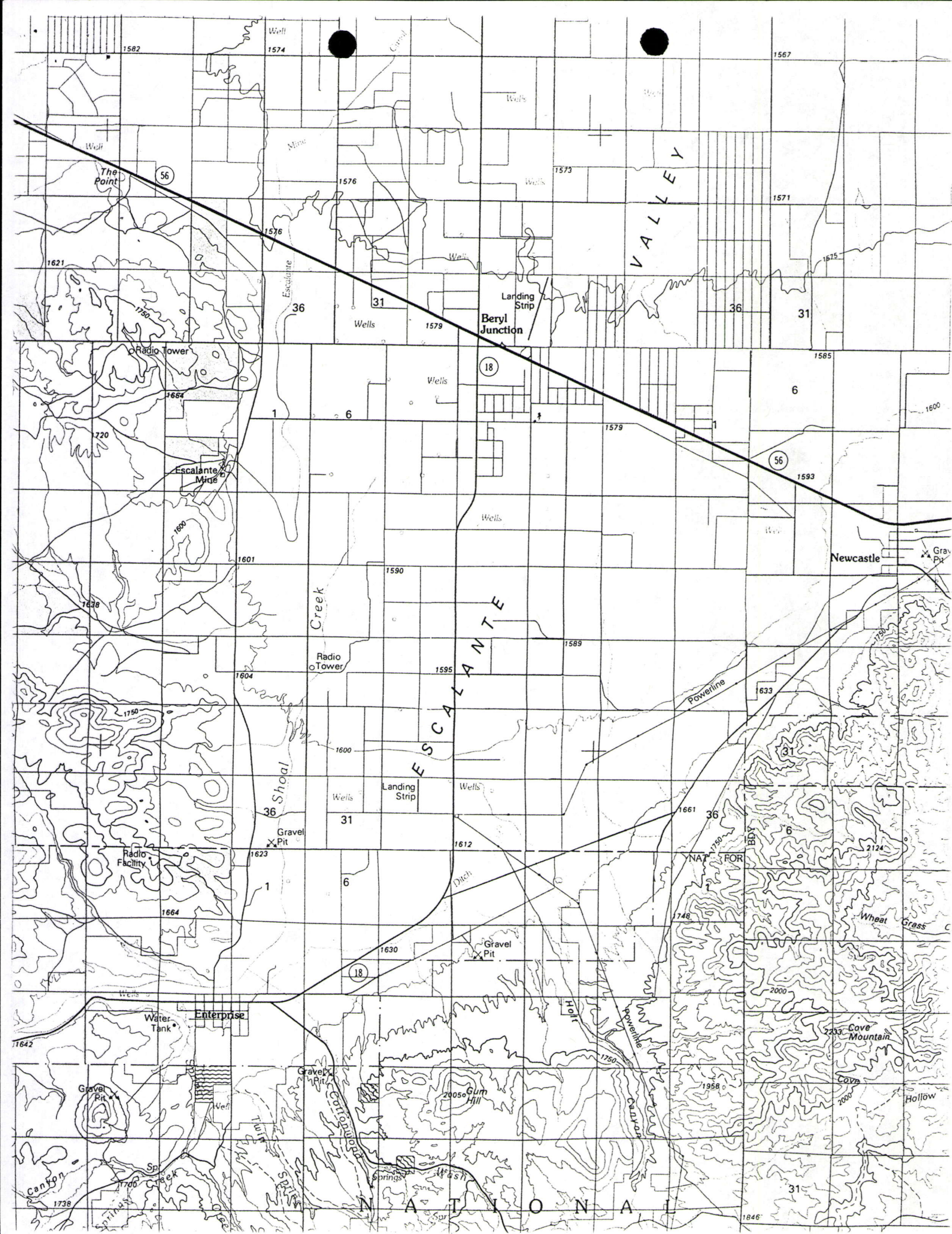
C: Checklist

MINE SITE LOCATION MAP



Division of Oil, Gas & Mining
April 14, 1994





RECLAMATION ESTIMATE-REDUCTION FOR WORK NOW COMPLETED

Hecla Mining Company

ALSO SEE NOTEBOOKS A,C & D

Escalante Silver Mine - Mill Tailings Facility

M/021/004 Iron County, Utah

last revision 08/17/94

filename M21-04R2.WQ1

Prepared by Utah State Division of Oil, Gas & Mining

NOTEBOOK 'B'

Reclamation Details & Comments regarding work completed

-Estimate for reclamation of facilities areas has been revised on Notebook 'C'

-Revised tailings cover: 10" capillary, 18" subsoil, 6" topsoil (65 acres)---COMPLETED

-Manure incorporated into tailings subsoil & topsoil caps (2-3,000 lb/acre)---COMPLETED

-Road to tailings reduced via ripping & seeding(5,800' x 12' = 1.6 acre)

-Impoundment runoff ditch constructed around tailings cap (7,200')---COMPLETED

-Subsoil borrow areas regraded & ripped (HECLA ESTIMATE 31 acres)---COMPLETED

-Surface layer of tailings to be compacted (ASSUME with a dozer)---COMPLETED

-Rip topsoil stockpile area & drill seed (9 acre ESTIMATE)---RIPPING COMPLETED?

-Monitor groundwater wells for 4 years after reclamation (quarterly)

-Fence maintenance 3 years (7,900 + ~ 10,000 LF, quarterly)

-Areas revegetated via drill seeding unless impractical (=> hand seeding)

-Disturbed acreage = office+tailings+borrow+roads+stockpile= 108

Description	Amount	\$/Unit	Cost-\$	
Facilities demolition/removal	DOGM EST.	0	267,071	NOTEBOOK 'C'
Tailings surface compaction(0.6 MPH)	65 acre	407	0	COMPLETED
Waste rock capillary barrier 10"	87,389 CY	2.46	0	COMPLETED
Tailings subsoil cap 18"	157,300 CY	1.51	0	COMPLETED
Tailings topsoil cap 6"	52,433 CY	1.55	0	COMPLETED
Disc manure into tailings soils	65 acre	250	0	COMPLETED
Ripping tailings road (0.40 mph)	1.6 acre	603	965	
Runoff ditch construction	7,200 ft	0.32	0	COMPLETED
Ripping borrow areas (0.60 mph)	31 acre	407	0	COMPLETED
Rip topsoil stockpile area	9.0 acre	407	0	COMPLETED?
Reseed all disturbed areas	108 acre	290	31,320	
Monitor groundwater (quarterly)	4 yr	1,200	4,800	
Fencing-borrow areas(LF estimated)	10,000 LF	1.00	10,000	
Mobilization	5 units	1,000	5,000	
Fence maintenance (quarterly)	3 yr	400	1,200	
SUBTOTAL			320,356	
+ 10% CONTINGENCY			32,036	
SUBTOTAL			352,391	
+5yr ESCAL (2.01%)			36,868	
UPDATED TOTAL			389,259	
ROUNDED TOTAL 1999-\$			\$389,300	

AMOUNT OF SURETY BOND	\$771,000
AMOUNT OF CURRENT FORMS OF SURETY (2 CDs)	\$181,500
TOTAL AMOUNT OF SURETY CURRENTLY POSTED	\$952,500
LESS REVISED RECLAMATION ESTIMATE	\$389,300
BONDING "SURPLUS" =	\$563,200

ALSO SEE NOTEBOOKS A, B & D

STRUCTURE	TYPE	L	W	H
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STRUCTURE	TYPE	L	W	H	UNITS	\$/UNIT	\$	Reference
mill building & equip	steel frame	200	55	45	495,000	0.29	143,550	means 1994 020-604-0050
bullion room & equip	steel frame	70	60	25	105,000	0.22	23,100	means 1994 020-604-0500
crushing plant	steel & r-concre	60	30	50	90,000	0.29	26,100	means 1994 020-604-0050
assay lab	steel frame	45	25	15	16,875	0.22	3,713	means 1994 020-604-0500
lab waste dilution tank	?	5 dia			0	0	0	REMOVED
core shed near shaft--[H]	steel frame	60	25	15	22,500	0.22	4,950	means 1994 020-604-0500
hoist house--[H]	steel frame	30	15	15	6,750	0.22	1,485	means 1994 020-604-0500
dry & warehouse--[H]	steel frame	50	25	15	18,750	0.22	4,125	means 1994 020-604-0500
office near shaft--[H]	steel frame	28	10	12	3,360	0.22	739	means 1994 020-604-0500
lab near shaft--[H]	steel frame	20	20	15	6,000	0.22	1,320	means 1994 020-604-0500
leach tanks (pachucas)	steel	130	50	25	162,500	0.22	35,750	means 1994 020-604-0500
thickener tank--[H]	steel	50 dia		25	49,088	0.22	10,799	means 1994 020-604-0500
conveyor from crusher		300		EST	300	1.5	450	DOGM est
conveyor from stockpile		160		EST	160	1.5	240	DOGM est
water storage tank		20 dia		EST	0	0	0	Post-Mine Use
3 unknown tanks		20 dia eac		EST	3	500	1,500	DOGM est
1500 KVA substation(concentrator)				EST	0	0	1,000	DOGM est
2X5 MVA substation(main power feed)				EST	0	0	1,000	DOGM est
ore stockpile & subsoil pile				EST	0	0	1,000	DOGM est
shaft headframe		22	10		0	0	0	Post-Mine Use
shaft substation				EST	0	0	1,000	Post-Mine Use
submersible pump & control panel				EST	1	250	250	DOGM est
asbestos inspection							5,000	
HECLA ESTIMATE							TOTAL =	\$267,071